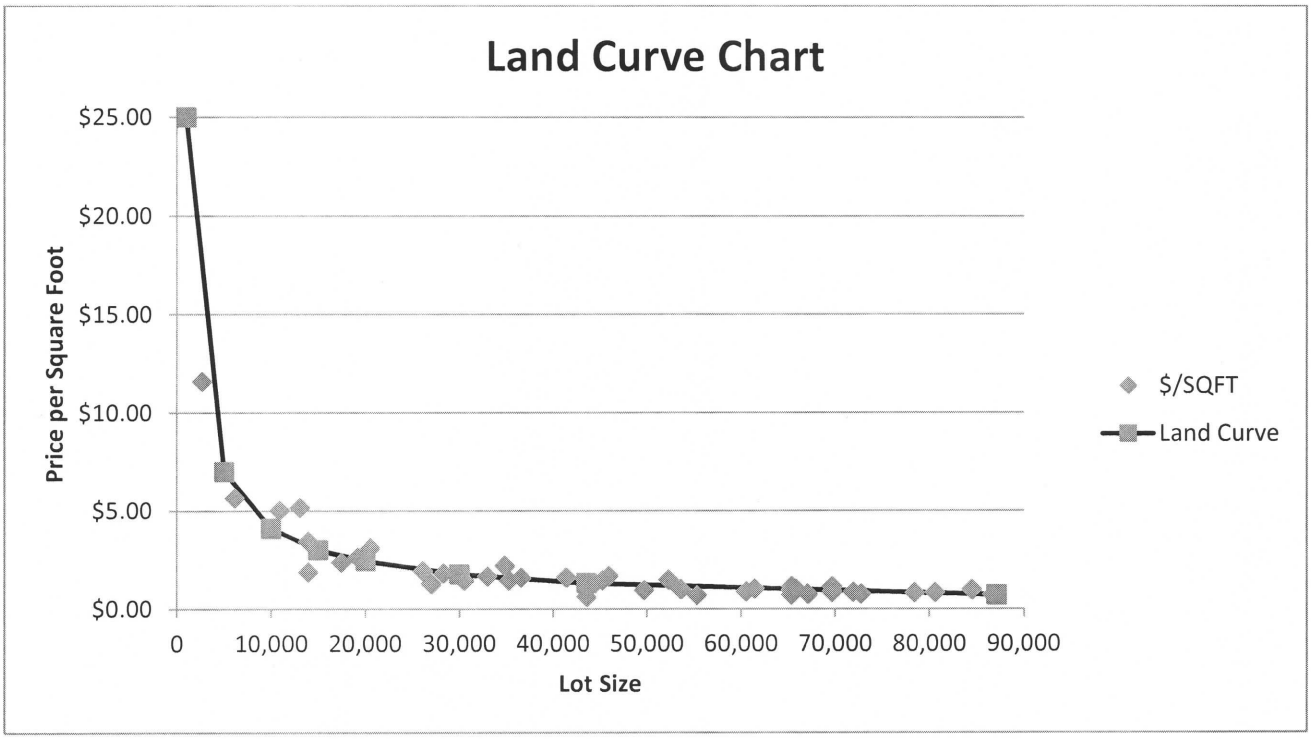
Residential Land Valuation

Due to a small sample of valid vacant land sales, residential land values were developed using the land extraction (land residual) technique. In this procedure, the depreciated building value is subtracted from the sale price to determine an indicated land value. When arranged by size and adjusted for location (neighborhood) and condition a distinct correlation between lot size and price per square foot becomes apparent. (See Land Curve Chart) These indicated prices per square foot were plotted to develop the land curve parameters.



The following chart illustrates these **base** land parameters:

Square Foot	Price/Square Foot	Base Value (rounded)
1,000	$25.00	25,000
5,000	$7.00	35,000
10,000	$4.10	41,000
15,000	$3.00	45,000
20,000	$2.45	49,000
30,000	$1.77	53,100
43,560	$1.31	57,100
87,120	$0.70	61,000

Market areas are delineated by the use of Site Indexes. The Site Indexes account for the varying desirability within the Town of Strafford. The statistical requirements for land residuals are a median ratio between 90% and 100% and a COD under 20%. The influence factors were developed through the land residual analysis. They were analyzed by the following strata's:

-Overall Analysis- Median 98% COD 14.89%

Site Index	Median	Cod
3	0.95	0.00
4	1.00	6.65
5	0.96	16.34
6	0.99	13.23
7	0.95	16.59

STRAFFORD, NH LAND PRICING INSTRUCTIONS

Site Improvements:

Vacant lots will have a condition factor of .80 until the site is improved with utilities. All lots are valued based upon the use of vacant land sales and land residuals.

Landline #1 (Prime Site)

Landline #1 represents the prime site in acres up to two acres. In addition, ROW, or topography adjustments can be found in the condition factor section. The Site index code is utilized to distinguish the different types of locations within the market area of Strafford. Street indexes were utilized for views and waterfront.

Landline #2 (Excess Acreage)

Any excess acreage over the prime site will be priced at $3,500/acre. In addition, any applicable topography, wetlands, or any other detrimental factors can be found in the condition factor.

Site Index/Influence Adjustments:

The following table illustrates the rating and the adjustment factor applied to the unit price:

Site Index	Adjustment Factor	20,000 Square Feet	43,560 Square feet
3 (Poor)	0.90	$44,100	$51,400
4 (Fair)	0.95	$46,600	$54,200
5 (Average)	1.00	$49,000	$57,100
6 (Good)	1.10	$53,900	$62,800
7 (Very Good)	1.25	$61,300	$71,400

Street Index/Neighborhood Adjustments:

Street Indexes are used to account for various waterfront or views that command different market values, based on sales data.

Please see the attached Street Index table for factors:

Condition Factors:

Condition factors are used to acknowledge parcel specific adjustments such as wetlands, easements, poor topography, and shape.

Landline #1:

Prime site condition factors should be 1.00 unless vacant or there are topo/wet issues, easements, or row's. Condition Factor discounts are between 5% and 50% based on the severity.

Landline #2:

Discounts to excess acreage are based on the severity of the condition and broken into 5 categories:

Condition Factor	Impact Of Topography, Wetlands, Easements, Shape, Etc
.90-.95	Slight
0.75-0.89	Moderate
0.50-0.74	Heavy
0.25-0.49	Severe
0.10-0.24	Unusable/Undevelopable

LAND VALUATION MODEL

Unit Price (Size Adjustment from land curve)
X Site Index (Influence Factor)
X Condition Factor
X Nbhd Factor (St Index)
X Square Footage of Lot
Land Value

EXAMPLE using the Sample Field Card

5,680 SF Lot
23.13 per Sqft
Site Index 1 (factor 1.00)
Condition Factor (1.00)
ST Index NBHD R8 Factor (1.35)

Below is the algorithm from the *Appraisal Vision*® software: for the land pricing:

Entered Units: 5,680
find 1st record on the land curve greater than our units
Get High Units
High Units: 7500
High Unit Price: 18
Find 2nd Record on the Land Curve Lower Than the First
Low Units: 5000
Low Unit Price: 26
New Unit Price = ((5000 * 26) + (((18 * 7500) - (26 * 5000)) * (5680 - 5000) / (7500 - 5000))) / 5680
New Unit Price = 23.126760563380281690140845070422535211 27
TotalAdj_a = (Site Index) 1.00 *(Condition Factor) 1.00 *(N/A) 1.00 *(Street Index) 1.35
TotalAdj_a = 1.35
LandVal = 31.221126760563380281690140845070422535 21 * 5680
LandVal(Rounded) = 177,300

Stafford, NH 2016 Base Rates		
Code	**Description**	**Rate**
01	Ranch	77
02	Split Level	74
03	Colonial	70
04	Cape Cod	75
05	Bungalow	68
06	Conventional	77
07	Modern Contemporary	80
08	Raised Ranch	74
09	2 Unit	70
10	3 Unit	70
36	Camp	65

Brief Narrative

We began the process of creating our building rate tables by extensively researching building costs published by Marshall & Swift, a building valuation service well regarded in the industry and used by appraisers, insurance companies and banks nationally. These rates were then fine tuned based upon further analysis to better reflect the current market in Strafford. Once set, we analyzed all of our rate calculations versus actual sales data to make sure that we were arriving at a proper estimate of value for all buildings.

After they have been fully tested against the sales data, the building rates became our starting point for assessing building costs across the town. Because all properties are valued using a computer model, we need to adjust the cost per square foot figure so that we can properly assess houses on all ends of the value scale. In order to arrive at value rates that are seen in the local construction market, our adjustment tables are applied to the starting rates to increase or decrease this rate based on quality of construction, size, amenities, interior finish, etc.

BUILDING STYLES

Below are descriptions of typical styles of single-family and small apartment residential houses.

Ranch
A rambling one story house that is low to the ground and has a low pitched gable roof or roofs.

Split - Level
The living area is on two or more levels with each level having a single story height, generally seen on uneven terrain lots. It can be a front/rear or side/rear split or a combination of the two.

Colonial
Generally 2 or 2 ½ stories with balanced openings along the main façade. Second floor overhangs are common. Newer colonials attempt to imitate this classic New England design.

Cape Cod
Built "close to the ground" with simple lines. A high roof ridge often supplemented with full or partial dormers may provide a second level of living area, but not a full upper story. Generally a gable roof.

Bungalow
A small, one-story design often seen with an expansion attic area and/or dormers. Usually with an open or enclosed front porch. Narrow across the front and deep from front to back.

Conventional
An older type of house with no particular architectural design. Story heights generally range from 1.5 to 2.5 stories.

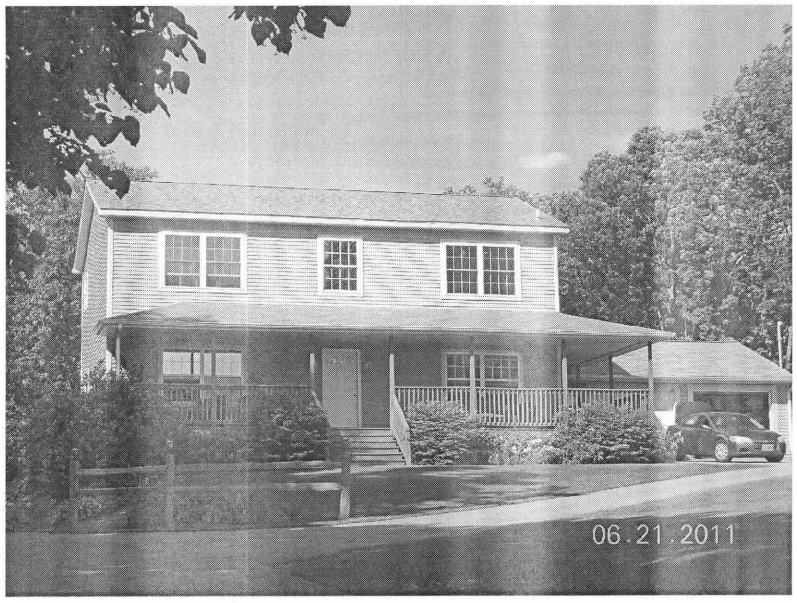
Modern Contemporary
One-story, two-stories or split-level. Characterized by large windows, open planning, horizontal lines, cathedral ceilings and simple details.

Raised Ranch
A combination of the ranch and tri-level designs. The basement area sets on or slightly below the ground level and is usually partially or totally finished. Basement garages are common.

Multi-Family (2 or 3 Unit)
This dwelling is typically 2 to 2.5 stories in height consisting of 2-3 living units.

GRADING

Grade 07 Example



Grade 06 Example

Good (Grade 06,07)

Architecturally attractive buildings constructed with good quality of materials and workmanship throughout. Good architectural treatment. Good quality interior finish and built-in features. Good grade heating, plumbing and lighting fixtures.

Grade 05 Example

Grade 04 Example

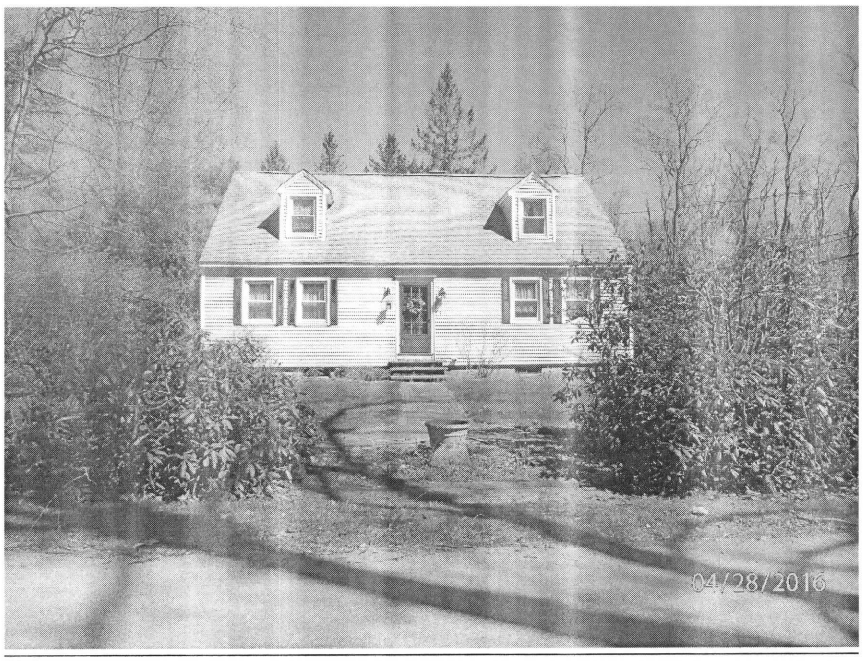
Average + (04, 05)

Buildings constructed with above average quality materials and workmanship throughout. Average architectural treatment with some upgrades. Above average quality interior finish and built-in features. Good grade heating, plumbing, and lighting fixtures. Usually built as part of a sub-division, with many similar homes built within that neighborhood.

Grade 03 Example

Average (03)

Buildings constructed with average quality materials and workmanship throughout, conforming with the base specifications used to develop the pricing schedule. Minimal architectural treatment. Average quality interior finish and built-in features. Standard grade heating, plumbing, and lighting fixtures.



Grade 02 Example

Below Average (02)

Buildings constructed with economy quality materials and fair workmanship throughout. Void of architectural treatment. Cheap quality interior finish and built-in features. Low grade heating, plumbing and lighting.

BUILDING VALUATION MODEL

START WITH:

1. Beginning Square Foot Price
2. +/- Base Rate Adjustments
3. +/- Size Adjustment
4. +/- Construction Grade
5. +/- Number of Baths etc. (net other adjustments)

Adjusted Cost per Square Foot Price

THEN:
Adjusted Cost per Square Foot Price X Building Square Footage=Replacement Cost New -Depreciation Adjustment =Building Value
+Other Building Features and Detached Structures (fireplaces, decks, garages)
=Total of all Building Values

EXAMPLE using the Sample Field Card:

1. Beginning price per square foot is the style of the structure unique base rate and is an unadjusted square foot cost before depreciation. Colonial base rate =- $105.
2. Base rate adjustments are structural components that may have an adjustment value on the base rate. In this case, Hardwood (Flooring) equals $2.10 plus the base rate and plaster (walls) equals $-1.05.
3. Size adjustment is based on economies of scale and market inclination.
4. Construction grade adjustment is a factor multiplied by the adjusted base rate. See Grading Table for adjustments. Average Grade adjustment factor is 1.00.
5. Net other adjustments are structural components valued on straight dollar per unit basis.

Calculation for Sample Property Record Card:

Base Rate: 105
Size Adjustment: 0.98731
Effective Area: 2,225
Adjusted Base Rate = (105 + 1.5) * 0.98731
Adjusted Base Rate: 104.70
RCN = (({104.70 * 2,225) + 7,500) * 1) + 0
RCN: 240,458

Base Rate Adjustments
Floor Cover 1 12 (Hardwood) = 2.10 + Base Rate
Interior Wall 1 03 (Plastered) = -1.05 + Base Rate

Flat Value Additions
FULL BATHROOMS = 5000 + RCN
HALF BATHROOMS = 2500 + RCN
Percent Good = 76
RCNLD: 182,700